

# DAILY BULLETIN

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## TOP TRADE MINISTERS RETURN TO GENEVA AS TALKS NEAR COMPLETION

Russian WTO accession agreement expected in two-three months, USTR Schwab says

By Bruce Odessey  
Washington File Staff Writer

Washington -- Trade ministers from six key markets were headed for Geneva late July 17 to assess the chances of rescuing long-stalled World Trade Organization (WTO) negotiations from collapse.

U.S. Trade Representative Susan Schwab and ministers from the other so-called G-6 markets -- Australia, Brazil, the European Union (EU), India and Japan -- were scheduled to meet with WTO Director-General Pascal Lamy at the organization's headquarters in Geneva, according to the Office of the U.S. Trade Representative (USTR).

Earlier in the day at a separate session during the 2006 Group of Eight (G8) Summit in St. Petersburg, Russia, Lamy addressed the G8 leaders plus those from Brazil, China, India, Mexico, South Africa and the EU. The G8 comprises Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia. Lamy's address followed by one day the G8 leaders' release of a statement urging intense negotiations to reach agreement by mid-August on the modalities -- or broad formulas and timetables -- for reducing agricultural and industrial tariffs and agricultural subsidies. Such action would extend by two weeks the current July 31 deadline.

Whether the nearly five years of negotiations, formally called the Doha Development Agenda, will end soon in success or failure “lies with you who are seated around this table today,” Lamy told the leaders.

The deadlock over agricultural and industrial trade “will lead us to failure very soon if you do not give your ministers further room for negotiation,” he said.

He urged the leaders to weigh the political costs of making further concessions against the cost of failing to achieve economic gains potentially greater than those from any previous trade round.

“A failure would send out a strong negative signal for the future of the world economy and the danger of a resurgence of protectionism,” Lamy said, “at a time when the pace of globalization is weighing heavily on the social and economic fabric of many countries and when geopolitical instability is on the rise.”

In Washington, trade expert Jeffrey Schott of the Institute for International Economics told the Washington File that although leaders in St. Petersburg achieved no breakthrough in the WTO deadlock, they might have indicated some additional flexibility on agriculture and industrial tariffs, otherwise called nonagricultural market access or NAMA.

“What the leaders basically did was cut two weeks off of the Geneva diplomats’ vacation,” Schott said. “I think that there’s a good chance that we’ll see a ratcheting up of the offers” from the G-6 on agriculture and NAMA in the next two weeks.

U.S. negotiators have asserted that the United States is prepared to offer even bigger cuts in agricultural subsidies than those proposed in October 2005 but only if sharp tariff cuts are forthcoming on agricultural goods from the EU and other wealthy countries and on industrial goods from rapidly growing developing countries.

Time is running out for completing of the Doha negotiations by the end of 2006, six months before the U.S. president’s grant of negotiating authority from Congress expires.

## RUSSIAN WTO ACCESSION

President Bush cited Congress’ power in U.S. trade policy during his July 15 press availability with Russian President Vladimir Putin in St. Petersburg.

Despite intense negotiations, the two countries could not agree yet on a bilateral agreement for Russia’s accession to the WTO.

“We’re tough negotiators,” Bush said, “because we want the agreement that we reach to be accepted by our United States Congress.”

Later that day, Schwab predicted the two sides would be able to reach agreement within two months to three months. She said the tough issues remaining include Russian inspection standards for beef and pork imports. The countries had narrowed their differences over industrial tariffs and services trade as well as intellectual property protection, she said. Schott said that because some members of Congress likely will raise nontrade issues such as democracy and human rights whenever they consider Russia’s WTO accession, U.S. negotiators have to make sure they have a strong accession agreement.

“Some of the remaining issues are very sensitive,” Schott said.

For ongoing coverage, see USA and the WTO:  
[http://usinfo.state.gov/ei/economic\\_issues/WTO.html](http://usinfo.state.gov/ei/economic_issues/WTO.html)

## U.N., U.S. ACTION IN LEBANON AWAITS RETURN OF PEACE MISSION

U.N. Ambassador John Bolton advises caution on proposed “stabilization force”

By Judy Aita  
Washington File UN Correspondent

United Nations -- While waiting for the results of a special U.N. peace mission to the Middle East, the Security Council July 17 began discussing ways it could contribute to a sustainable and lasting solution in the region.

U.S. Ambassador John Bolton, after a closed door council meeting, said that the real solution to the crisis lies in the implementation of Security Council Resolution 1559, passed by the council in September 2004. The resolution calls for “the disbanding and disarmament of all Lebanese and non-Lebanese militias.”

If the militias were disbanded, Bolton said, “not only would Israel not be subject to terrorist attacks such as rockets and kidnappings by Hizballah, but the people of Lebanon wouldn’t be subject to the reign of terror that Hizballah inflicts as well.”

The “sad fact” of the situation is that “until terrorism is eliminated in the form of Hizballah in Lebanon and the Palestinian armed militia Hamas and the Occupied Territories; until everyone renounces terrorism these problems are going to continue,” the ambassador said.

Bolton and the Security Council president, Ambassador Jean-Marc de La Sabliere of France, agreed that the implementation of Resolution 1559 is the key and noted that leaders of the Group of Eight (G8) nations – who just completed a meeting in St. Petersburg, Russia -- and other members of the 15-nation council would be working to find ways to implement the resolution more effectively. The G8 comprises Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia.

“Having Lebanese authority extending the whole territory is key,” de La Sabliere said. “Ending violence on the blue line is key. Being sure the civilian population is not attacked is key.”

For the United States, Bolton said, that means other aspects of the situation must be addressed as well, such as the disentanglement of Syria from Lebanon, Syria’s full cooperation with the U.N. investigation into the assassination of former Lebanese Prime Minister Rafiq Hariri (known as the Brammertz investigation) and the cutting off of financial assistance to terrorist groups such as Hamas and Hizballah by Syria and Iran.

#### U.N. MISSION TO LEBANON

The Security Council was briefed by U.N. Under Secretary for Political Affairs General Ibrahim Gambari.

Gambari said that U.N. mission headed by Vijay Nambiar left Lebanon after meeting with Prime Minister Faud Siniora with “some specifics” to discuss with Israel. “The situation in Lebanon has sharply deteriorated over the weekend [July 15-16] to the point where we are now in the situation of an open war,” the U.N. official told journalists after meeting with the council. “The consequences are serious and the impact is devastating not only on Lebanon and Israel but on the entire Middle East.”

U.N. Secretary-General Kofi Annan intends to work with the Security Council on “a package of actions that are practical and requires the parties to release their abductees, stop the rocket launchings and attacks, and Israel end its military action,” Annan said. He also suggested a “stabilization force” be considered by the council. Bolton said that any deployment of any new force for the region would have to be weighed carefully.

One consideration for the council, the U.S. ambassador said, is “how can we assist the people and the government of Lebanon to take full control over their territory.”

“The Lebanese armed forces unfortunately have not been able to exercise full control over their territory; first, because of the presence of Syrian troops, now the continued presence of Syrian intelligence services, and because of the presence of armed militia groups -- both Lebanese and non-Lebanese -- that are funded by Syria, Iran and other outsiders,” Bolton said.

It would be a mistake for the council to “avoid the work that could be done to strengthen the Lebanese armed forces and other security forces consistent with [Resolution] 1559,” he said. “There may be many ways of providing assistance to the Lebanese armed forces. There may be kinds of international forces that could be considered along the lines of the multinational force in the Sinai, rather than a U.N. peacekeeping force.”

The Security Council hopes to have the results of the U.N. mission by midweek in order to evaluate possible short-term measures as it considers how to deal with the larger problem. Council President de La Sabliere said that in the course of three private meetings the council has had over the past few days “there is a willingness . . . to work on the sustainable and lasting solution.”

At the U.S. State Department, spokesman Sean McCormack confirmed that Secretary of State Condoleezza Rice would visit the Middle East. He did not set a date, but said it would be after the U.N. team returns to New York. “She does want to have a sense from the U.N. mission what it is that they’re hearing, what it is that they have accomplished.”

“Her goal in traveling to the region would be to try to further the diplomacy that would lay the groundwork for a lasting cessation of violence,” he said, adding, “We want to see a cessation of violence in such a way that the world doesn’t end up back in the same position in which we find ourselves right now.”

## UNITED STATES, RUSSIA SUPPORT PEACEFUL USE OF NUCLEAR TECHNOLOGY

Both presidents pledge to work with U.N. Security Council on Iran, North Korea

By Stephen Kaufman  
Washington File White House Correspondent

St. Petersburg, Russia -- President Bush and Russian President Vladimir Putin said nuclear energy, as a reliable power source that does not emit greenhouse gases, is an "essential part" of any solution to meet the world's growing energy demand, and pledged their countries would cooperate to allow all nations to benefit from nuclear power for peaceful purposes.

According to a joint statement released July 17 before the close of the 2006 Group of Eight (G8) summit with the leaders of Canada, France, Germany, Italy, Japan and the United Kingdom, the two leaders are united in their "determination to help make the benefits of nuclear energy securely available to all for peaceful purposes."

The statement said both Russia and the United States believe nuclear energy is essential to energy security, and is a "proven" economical, environmentally safe means to provide reliable electric power. Bush and Putin added that they plan to conclude a bilateral cooperation agreement, through which other nations will gain an "additional assurance of access" to the technology.

The statement said that "reliable and sufficient energy supplies are the cornerstone of sustainable economic development and prosperity for all nations, and a necessary condition for maintaining international stability."

The two leaders said their countries intend to work together, with the active involvement of the International Atomic Energy Agency, to "allow all nations to enjoy the benefits of nuclear energy without pursuing uranium enrichment and spent fuel reprocessing capabilities," which could be used to make nuclear weapons.

The statement mentioned Russia's proposal to provide international nuclear fuel services and the U.S. Global Nuclear Energy Partnership proposal to develop new technologies for reactors and fuel cycles, as well as other measures that are designed to prevent nuclear weapons proliferation.

Both countries acknowledged the need for the continued development of new technologies that will reduce the risk of proliferation, promote safe nuclear waste management and improve the economic viability and environmental safety of nuclear reactors.

The two leaders backed the July 12 decision by the foreign ministers of the five permanent (P-5) members of the U.N. Security Council and Germany to refer Iran's nuclear program to the Security Council for discussion, saying they are "especially concerned by the failure of the Iranian government to engage seriously on the proposals made by the P-5 countries and Germany."

They also expressed concern over North Korea's recent ballistic missile tests and urged that nation to return to multilateral talks and to implement its September 19, 2005 agreement to abandon its nuclear programs in return for economic incentives and security assurances.

On July 15, the U.N. Security Council adopted unanimously a resolution that calls for North Korea to suspend all activities related to its ballistic missile program and requires U.N. member states to refrain from trading with North Korea on missile-related goods and technology.

"The United States and the Russian Federation are actively working for unity among the UN Security Council members on these sensitive issues. We will continue consultations with our G-8 partners to strengthen the global non-proliferation regime," according to the statement.

Both countries also pledged to reinforce their peaceful nuclear cooperation with India, citing the Indian government's nonproliferation commitments and "closer alignment with the nonproliferation regime mainstream."

The full text of the joint statement is available on the White House Web site:  
<http://www.whitehouse.gov/news/releases/2006/07/20060717-2.html>

For full coverage of the G8 meetings, see G8 Summit 2006, St. Petersburg, Russia:  
[http://usinfo.state.gov/ei/economic\\_issues/group\\_of\\_8/g8\\_summit\\_2006.html](http://usinfo.state.gov/ei/economic_issues/group_of_8/g8_summit_2006.html)

## CHINA, RUSSIA TO JOIN GENERATION IV NUCLEAR ENERGY FORUM

International scope broadens of nuclear nations pursuing advanced reactors

Washington -- China and Russia are expected to join the Generation IV International Forum (GIF), a group of leading nuclear nations who are working to develop more efficient and less waste-intensive advanced reactors, U.S. Department of Energy (DOE) Assistant Secretary for Nuclear Energy Dennis Spurgeon announced July 13.

The GIF Policy Group voted unanimously to extend membership to China and Russia, according to a July 13 DOE press release; their formal entry into GIF will be finalized by November.

"We are pleased that China and Russia will bring their considerable technical capabilities to the Generation IV International Forum as we work globally to develop the next generation of nuclear power reactors," Spurgeon said.

China and Russia join the United States, Argentina, Brazil, Canada, France, Japan, the Republic of Korea, the Republic of South Africa, Switzerland, the United Kingdom and the European Atomic Energy Community (EURATOM), an international organization composed of the members of the European Union, in the forum chartered in 2001.

Senior GIF representatives participate in committees that coordinate research activities required to develop the six next-generation nuclear energy systems that GIF selected in its December 2002 Generation IV Roadmap.

On February 28, 2005, the U.S. secretary of energy joined representatives from Canada, France, Japan and the United Kingdom in signing the first multilateral agreement aimed at developing next-generation nuclear energy systems.

The system concepts are a gas-cooled fast reactor, a lead-cooled fast reactor, a molten salt reactor, a sodium-cooled fast reactor, a supercritical water-cooled reactor, and a very-high-temperature reactor.

The GIF Policy Group also announced the selection of Jacques Bouchard of France as its new chairman, succeeding the United States' Shane Johnson, DOE's

principal deputy assistant secretary for nuclear energy. Bouchard begins a three-year term at the next GIF Policy Group meeting in Paris this fall.

The full text of the press release and additional information on nuclear energy programs are available on the DOE Web site:

<http://www.energy.gov/news/3841.htm>

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**Pleases Note:** Most texts and transcript mentioned in the U.S. Mission Daily Bulletin are available via our homepage: <http://geneva.usmission.gov/>

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